

13 August 1959

MEMORANDUM FOR: Chief, A/F

THROUGH: Chief, D/A
Chief, D/S

FROM: Acting Chief, S/TF

SUBJECT: Planned Research on the Foreign Trade of Communist China, 1958, and 1959-62

1. The research program on the foreign trade of China that S/TF plans to follow is essentially the one established earlier this year. Two major projects (Sino-Soviet Economic Relations and Sino-Satellite Economic Relations) are now in process and should be completed during the next 2 months. Both of these papers will aid materially in our later contribution to NIE 13-59 on Communist China. Material for EIC-81-58, Communist China's Imports and Exports, for the most part will be prepared after the date for the NIE contribution. Exploratory work on 2 other potential projects, not included in the original schedule, however, should aid us in preparing for the NIE. A preliminary paper (Dollar Value of the Foreign Trade of Communist China) has been published on the exchange rates used by China in evaluating its foreign trade. Study of this subject is continuing and a more definitive solution to the problem of determining the dollar value of the foreign trade of China may be forthcoming during the early months of 1959. The other potential project is related to recent attempts of China to purchase capital equipment in Western Europe.

2. The projects planned by S/TF should shed considerable light on the question of the ability of China to implement its "leap forward" program through its foreign trade. The most serious shortcoming that we face in answering this question concerns China's holdings of foreign exchange. Requests have been made for additional information on this subject. The information presently available, however, does not appear adequate to warrant a new study of the problem at this time.

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